



# ESG 101

London, 4<sup>th</sup> November 2025



ESG

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# Experienced in the hard-to-abate sectors



**Small but mighty team | 100+ years combined experience | Experts in emissions accounting, ESG, lifecycle assessment | ISO & GHG Protocol certified | Proven track record in hard-to-abate sectors**

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# Independent sustainability & emissions specialists



- ✓ **Boutique** consultancy with **global** footprint
- ✓ **Trusted** by operators, regulators & investors in complex industries
- ✓ Helping clients cut through noise with **clarity and action**

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# Objectives



1 Understanding what ESG means for the O&G industry

2 Summarising the current ESG 'climate'

3 Developing a robust and defensible ESG reporting strategy

# sustainability or ESG?



Often used interchangeably,  
the two terms are very different but also interlinked

# Rumours of ESG's death have been greatly exaggerated



Bloomberg UK

Live TV Markets Economics Industries Tech Politics Businessweek Opinion More

Opinion

John Authers, Columnist

## Trump Will Bury ESG, But It Was Already Dead

The green investing revolution never stood a chance in the US once ensnared by the culture wars, but that wasn't the only cause of death

November 11, 2024 at 5:06 AM GMT

Thursday 19 September 2024 4:32 am | Updated: Wednesday 18 September 2024 1:17 pm

## Is ESG dead? And if so, who killed it?

FINANCIAL TIMES

CLIMATE OPINION LEX WORK & CAREERS LIFE & ARTS HTSI

Opinion Sustainable capitalism

## ESG is dead. Long live ESG

Lindsay Hooper

Published SEP 19 2024

# Is ESG Dead?

LEADERSHIP

## What The ESG Backlash Reveals—and What Comes Next

By London Business School Contributor

Published Mar 25, 2025, 12:55pm EDT, Updated Mar 25, 2025, 09:33am EDT

Forbes

## Is ESG dead? Not quite – but it is having a midlife crisis



Eloise Rouse

23 April 2025



# If ESG isn't dead, then where is it?



## E

- **Climate Change & Carbon Emissions**
- **Energy** Management
- **Water** Usage & Conservation
- **Waste** Management
- **Biodiversity** & Land Use
- **Pollution** & Air Quality
- **Resource** Efficiency
- Environmental **Compliance**
- **Supply Chain** Environmental Impact

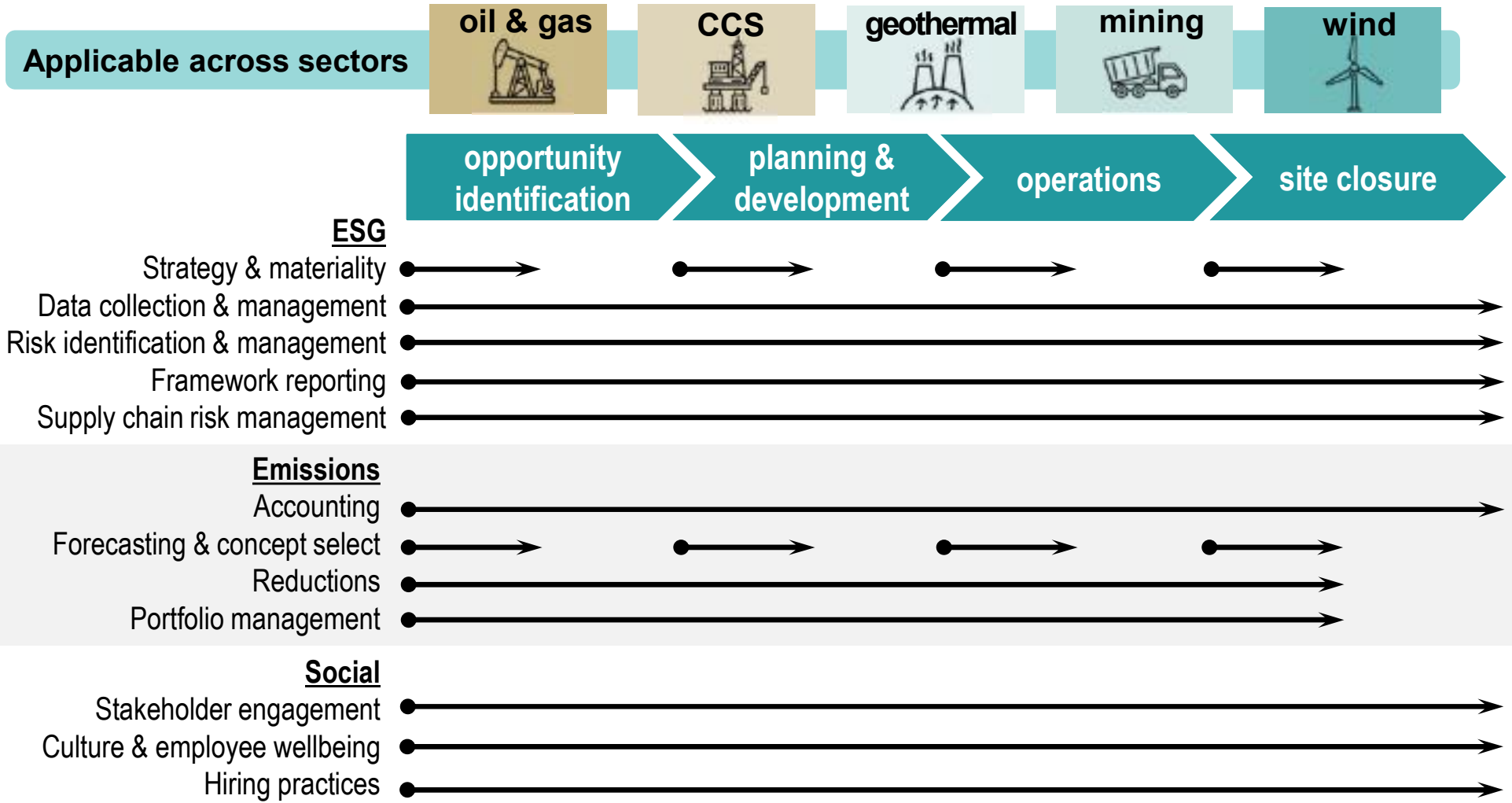
## S

- **Labor Practices & Employee Relations**
- Diversity, Equity, and Inclusion (**DEI**)
- Human **Rights**
- **Community** Relations & Social **Impact**
- **Customer** Relations
- Employee **Training & Development**
- **Health & Safety**
- **Supply Chain** Social Impact
- **Stakeholder** Engagement

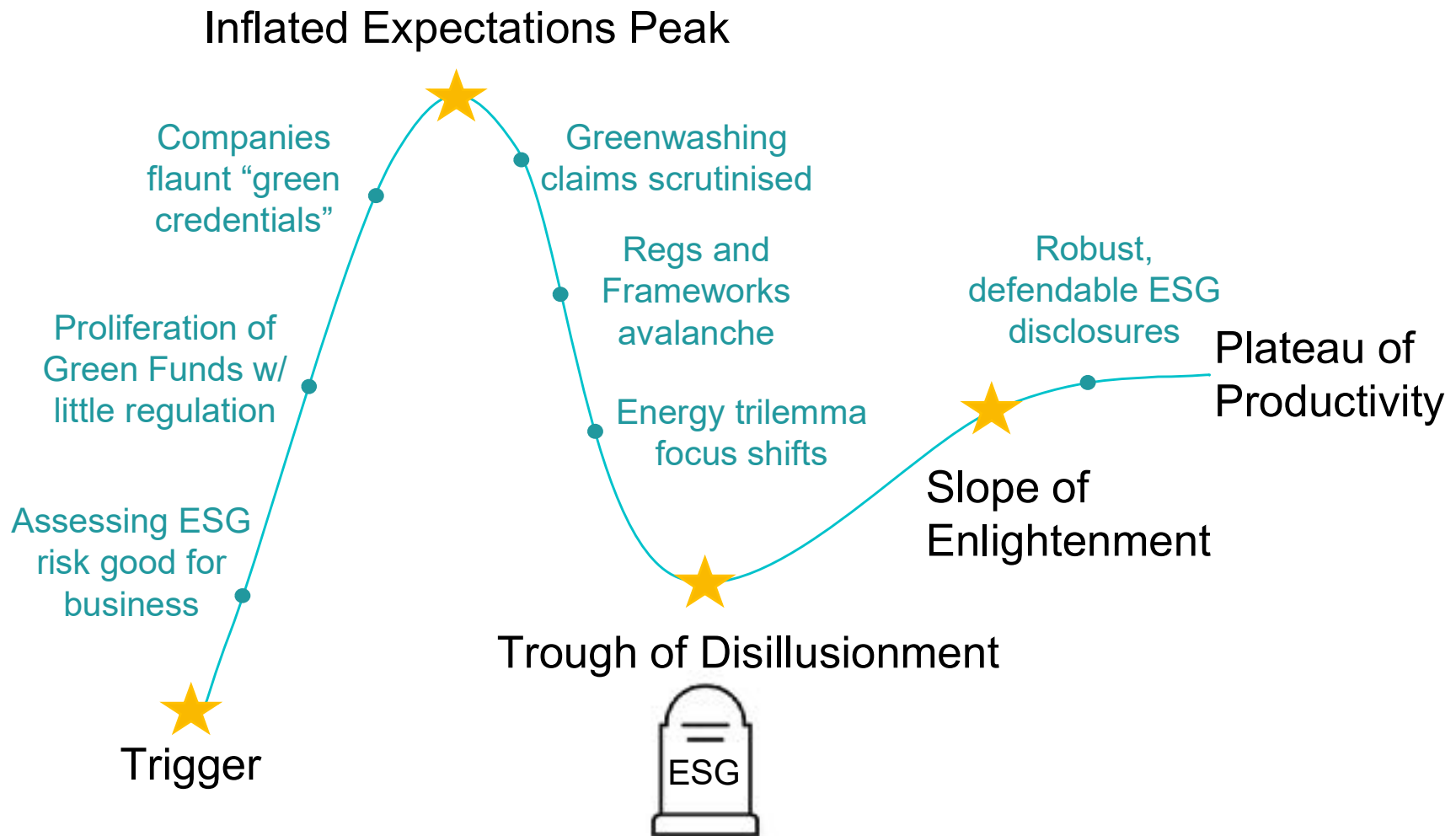
## G

- **Board** Structure & Composition
- Executive **Compensation**
- **Shareholder** Rights
- **Ethical** Business Practices
- **Risk** Management
- Transparency & **Disclosure**
- **Compliance & Regulatory** Adherence
- **Stakeholder** Engagement
- Audit and Internal **Controls**
- Corporate Governance **Policies**

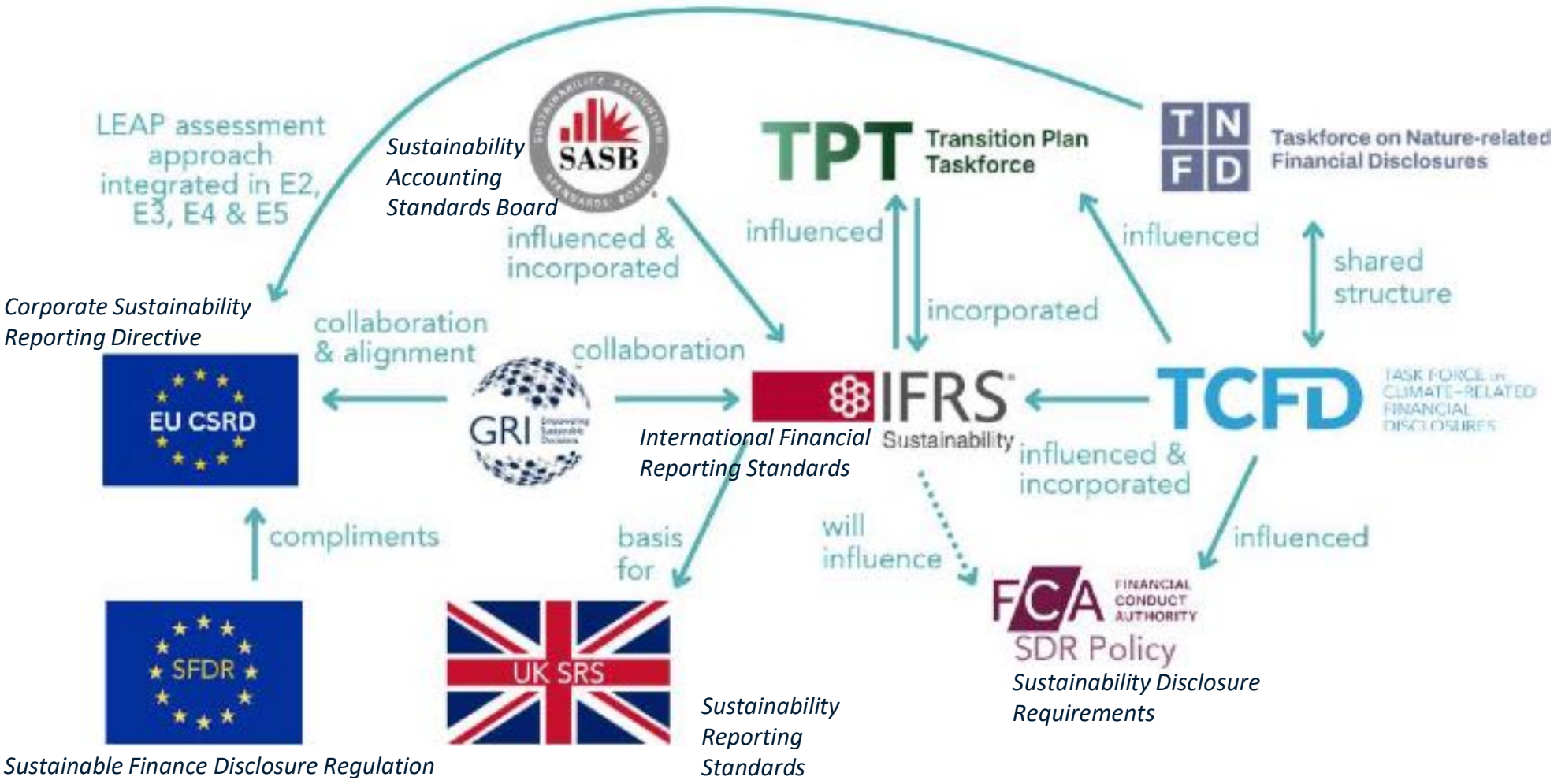
# ESG across the Oil and Gas sector



# The ESG Rollercoaster



# Alphabet soup of reporting



# Reporting to keep an eye on



## OPRED mandated Scope 3 Cat 11. included in EIAs (UK & some overseas territories)

Requirement to calculate Scope 3 Cat 11. emissions

Assess **significance**

**Assess reasonable alternative options & suitable mitigation measures**

## EU Carbon Border Adjustment Mechanism (CBAM)

Import tax on some carbon-intensive goods

Currently in transitional phase, **full impact in 2026**

**Prepare for price increases on certain raw materials**

## UK Sustainability Reporting Standards (SRS)

Final standards due **Autumn 2025**

Voluntary at first, mandatory reporting to be considered.

**Heavily based on IFRS S1 and S2 standards**

UK Supreme Court Hands Down a Groundbreaking Decision Requiring The Assessment of “Scope 3” GHG Emissions for a Proposed Oil Development: *R (Finch) v Surrey County Council And Others*

V&E Energy Update

June 24, 2024

**New oil and gas field consent was unlawful - judge**

30 January 2025 · 3038 Comments

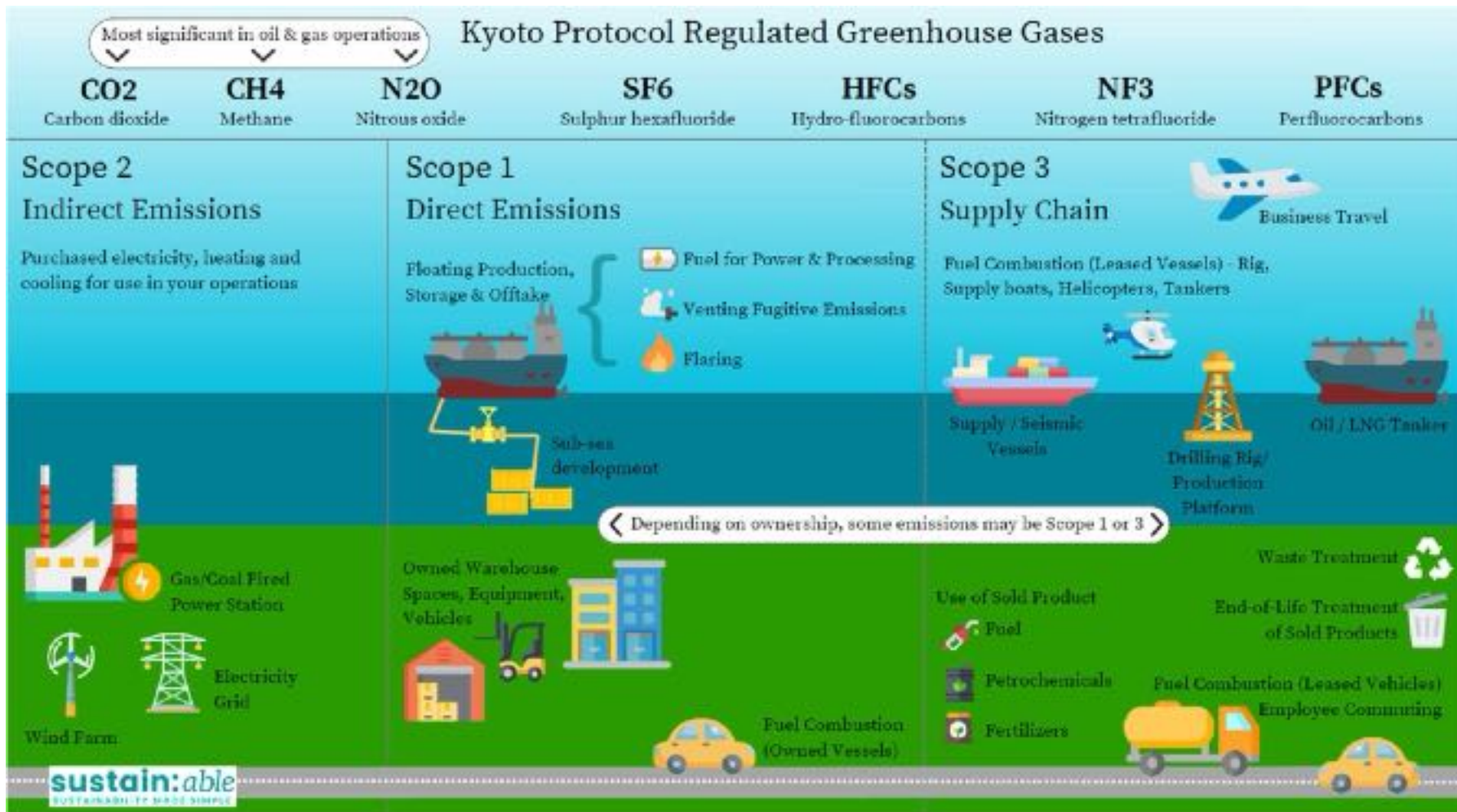
A court has ruled that consent for two new Scottish oil and gas fields was granted unlawfully and their owners must seek fresh approval from the UK government before production can begin.

**Horse Hill Supreme Court decision: increasingly indirect effects**

**Major North Sea projects thrown into doubt after court ruling**

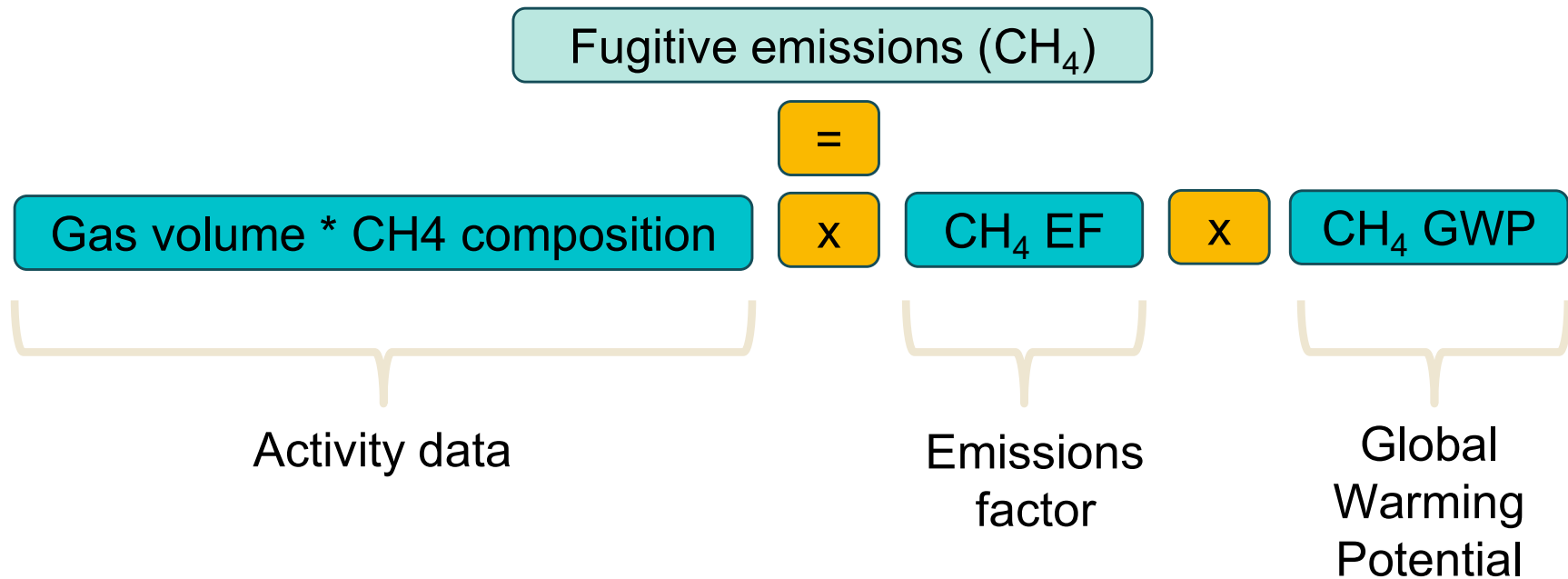
Published on January 30, 2025

# Know your scopes



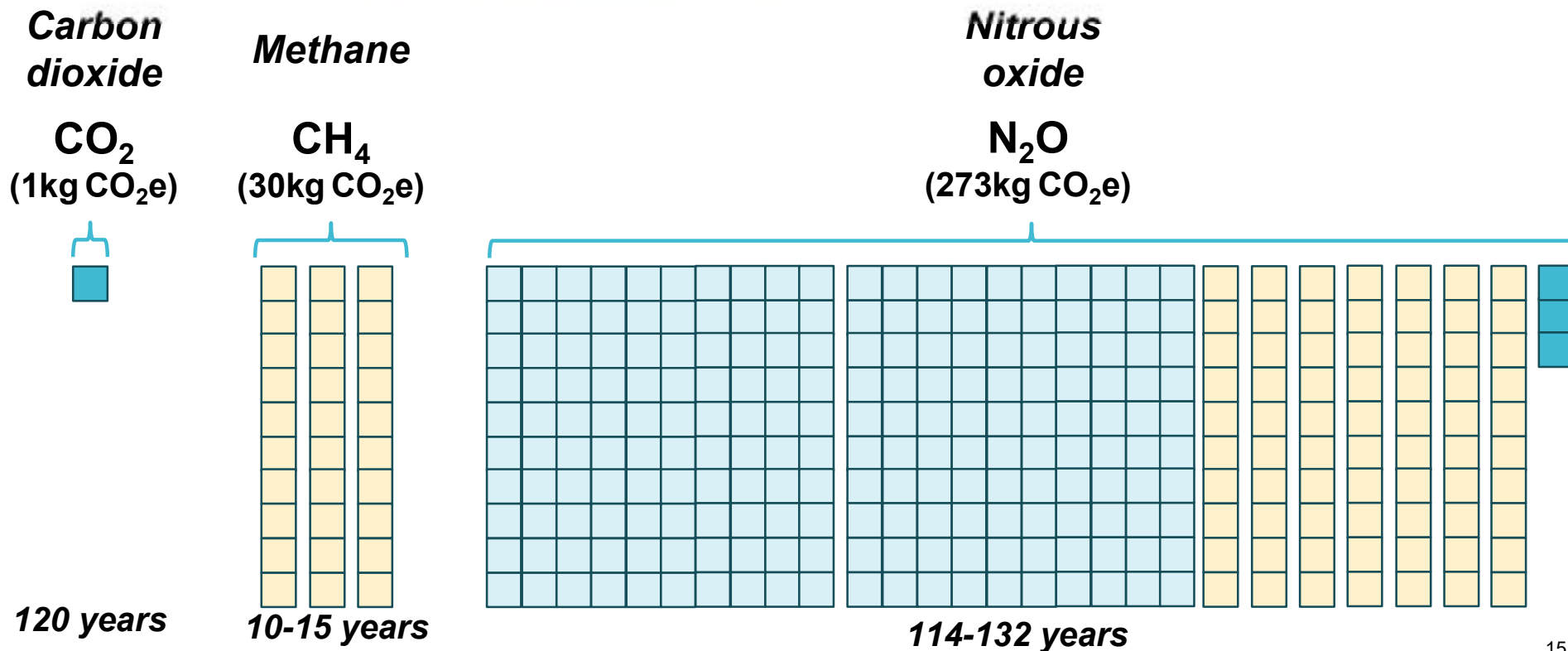
## Calculating emissions:

- activity data x emission factor (EF) x global warming potential (GWP)



# Global warming potential

The degree to which a gas contributes to global warming - expressed in terms of carbon dioxide equivalent

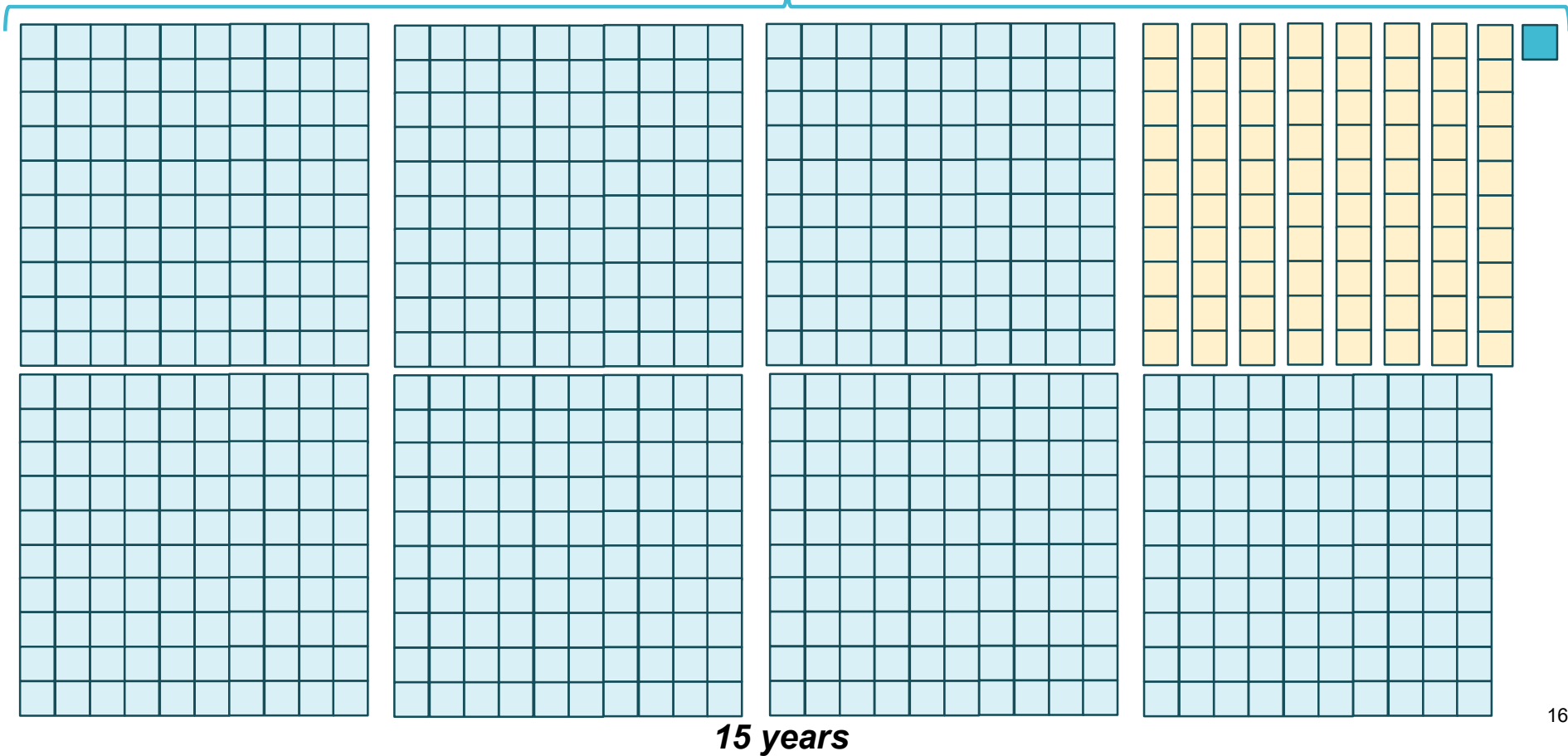


IPCC 6<sup>th</sup> Assessment Report (Table 7.15, page 1,034)

# Global warming potential



**HFC – 32**    *Hydrofluorocarbons*  
(771kg CO<sub>2</sub>e)

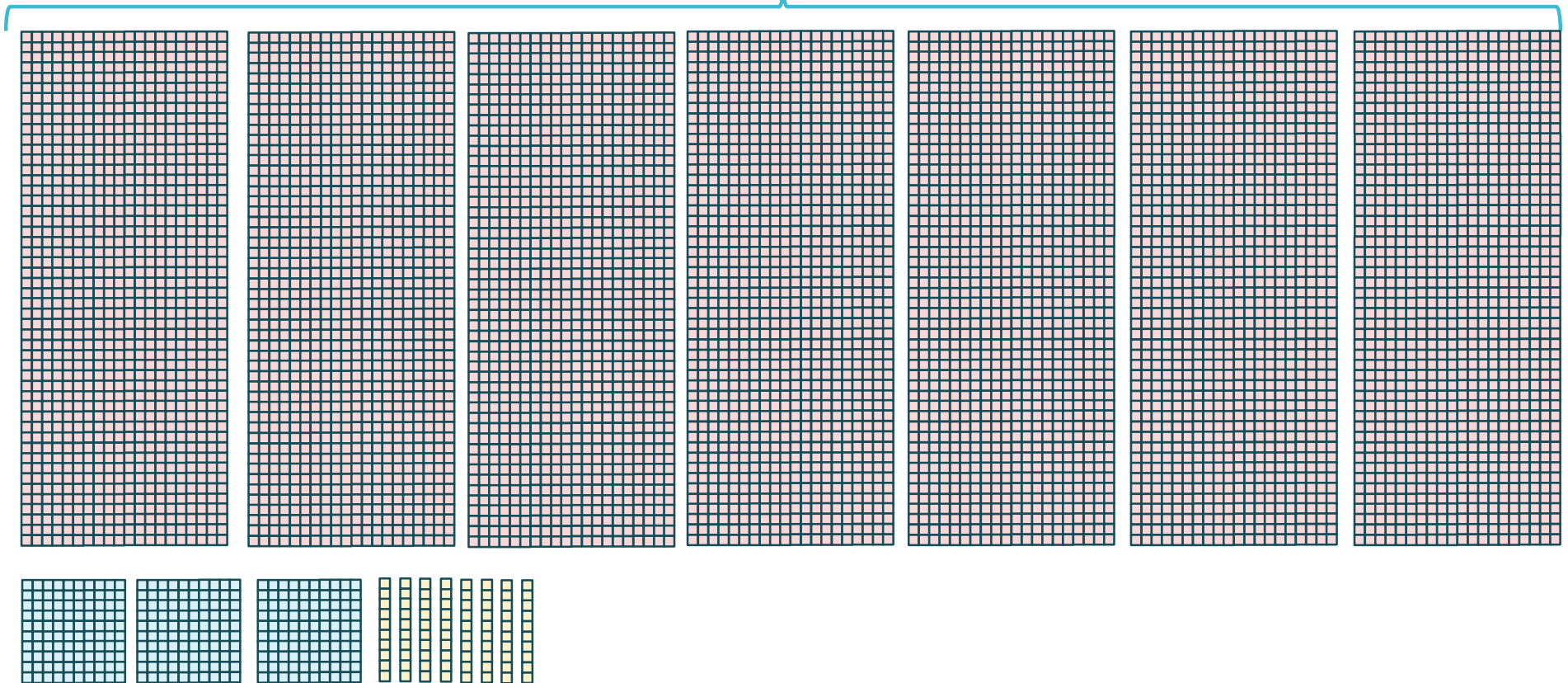


# Global warming potential



**PFC – 14**  
**(7,380kg CO<sub>2</sub>e)**

*Perfluorocarbons*



*Few months – 1000's years*

# The power of a little 'e'



**Carbon intensity** = amount of CO<sub>2</sub> only produced **per unit of a certain activity or output**, such as **energy production, transportation, or economic output**. Given as **kgCO<sub>2</sub>/boe**.

**Emissions intensity** = amount of **greenhouse gases** produced per unit of a certain activity or output. Given as **kgCO<sub>2</sub>e/boe**.

# The infamous Net Zero

## Scope 1\* and 2\*

Industry commitment to reducing upstream greenhouse gas (GHG) emissions



2030



2040



2050

NSTA tracking and monitoring progress



GHG target as NSTA KPI

Annual report

- Intensity benchmark
- Flaring and venting
- Overall KPI target progress

## Scope 3\*



Action for UKCS companies



**CCS:** first cluster by mid-2020s, building up to 75-175MtCO<sub>2</sub> annual storage by 2050



**Hydrogen:** CCS needed for upscaling as most hydrogen comes from natural gas



**Nature based solutions:** some oil and gas partnering for offsetting and carbon credits

Some UKCS operators setting scope 3 targets

So, I can just offset all my emissions?



**No. Sorry.**

1. Need to reduce your emissions as much as practicable before relying on offsets.
2. There are not enough high-quality offsets to meet demand

**Quantification**  
– is the **offset removing the amount of CO<sub>2</sub> it claims to be?**  
Is it only being claimed once?

**Additionality** -  
Would the project **have occurred regardless of the offset?**

**Long-term storage** – Will the carbon be **stored for an extended period of time** e.g. 100 years?

**Sustainability** – does the project **negatively impact the local area and/or people?**

# Don't promise the moon



**Trial of former VW boss begins over 'dieselgate' scandal**

PRESS RELEASE

**Volkswagen to Spend Up to \$14.7 Billion to Settle Allegations of Cheating Emissions Tests and Deceiving Customers on 2.0 Liter Diesel Vehicles**

**Delta Air Lines faces lawsuit over \$1bn carbon neutrality claim**

**Coca-Cola HBC, Nestlé, Danone under fire over "greenwashing" claims**

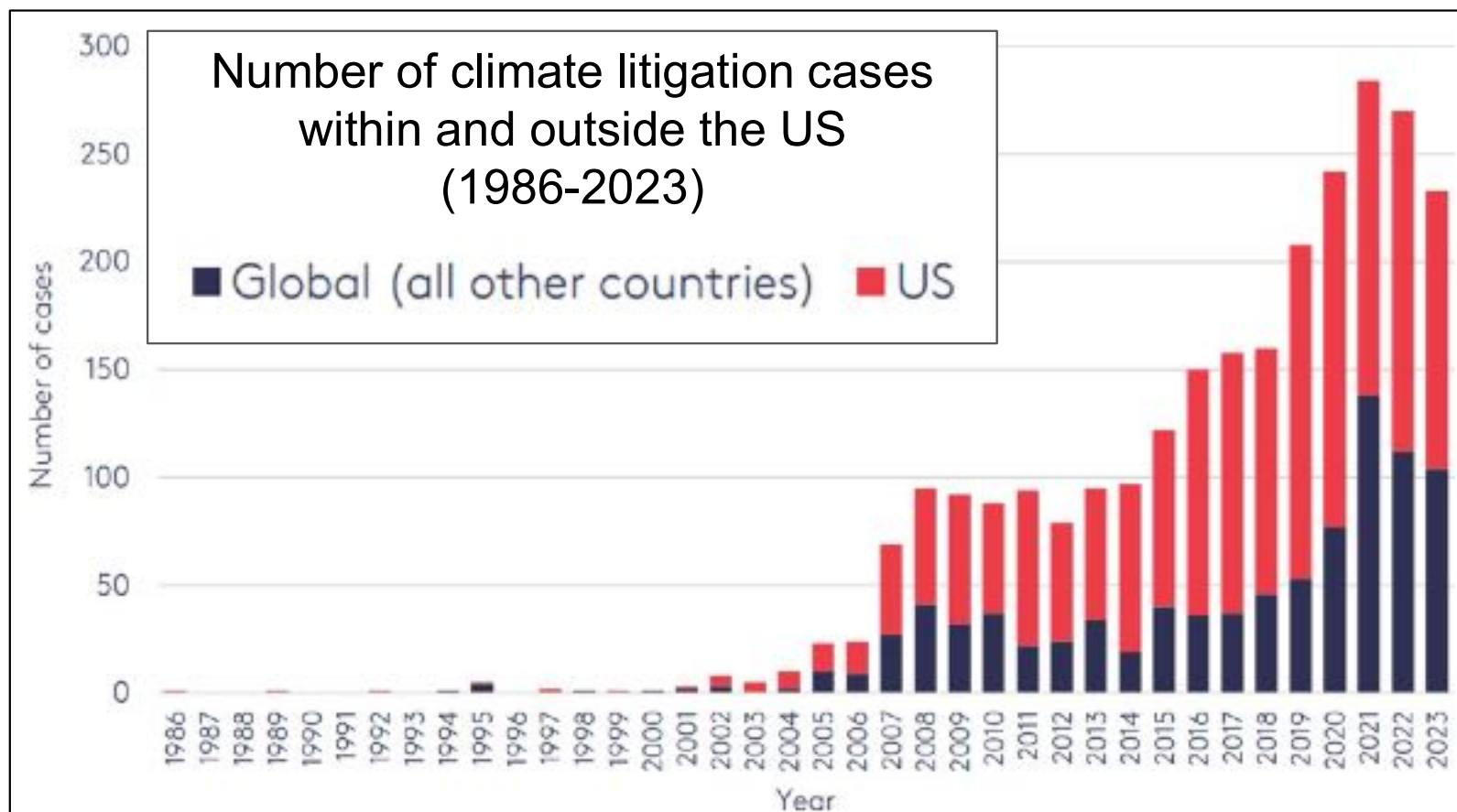
News

**Oil major slapped with €5m fine for greenwashing palm oil diesel**

**TotalEnergies rapped for 'misleading' ad which overstated its renewable energy investments**

**H&M sued for greenwashing claims, again**

# Scrutiny is increasing



Source: <https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2024/06/Global-trends-in-climate-change-litigation-2024-snapshot.pdf>

# Don't forget the 'S'



## Emerging frameworks and regulations

**CSDDD** has a focus on **human rights within the supply chain** and will require the collection of social data from suppliers.

**Task-force on Inequality and Social-related Financial Disclosures** has been launched

## Hiring & Retention

**~40% of Millennials** have accepted one job offer over another because that company appeared to be **environmentally sustainable**.

**~86% of Gen Z** thinks having a **sense of purpose** at work is key.

## Company Performance

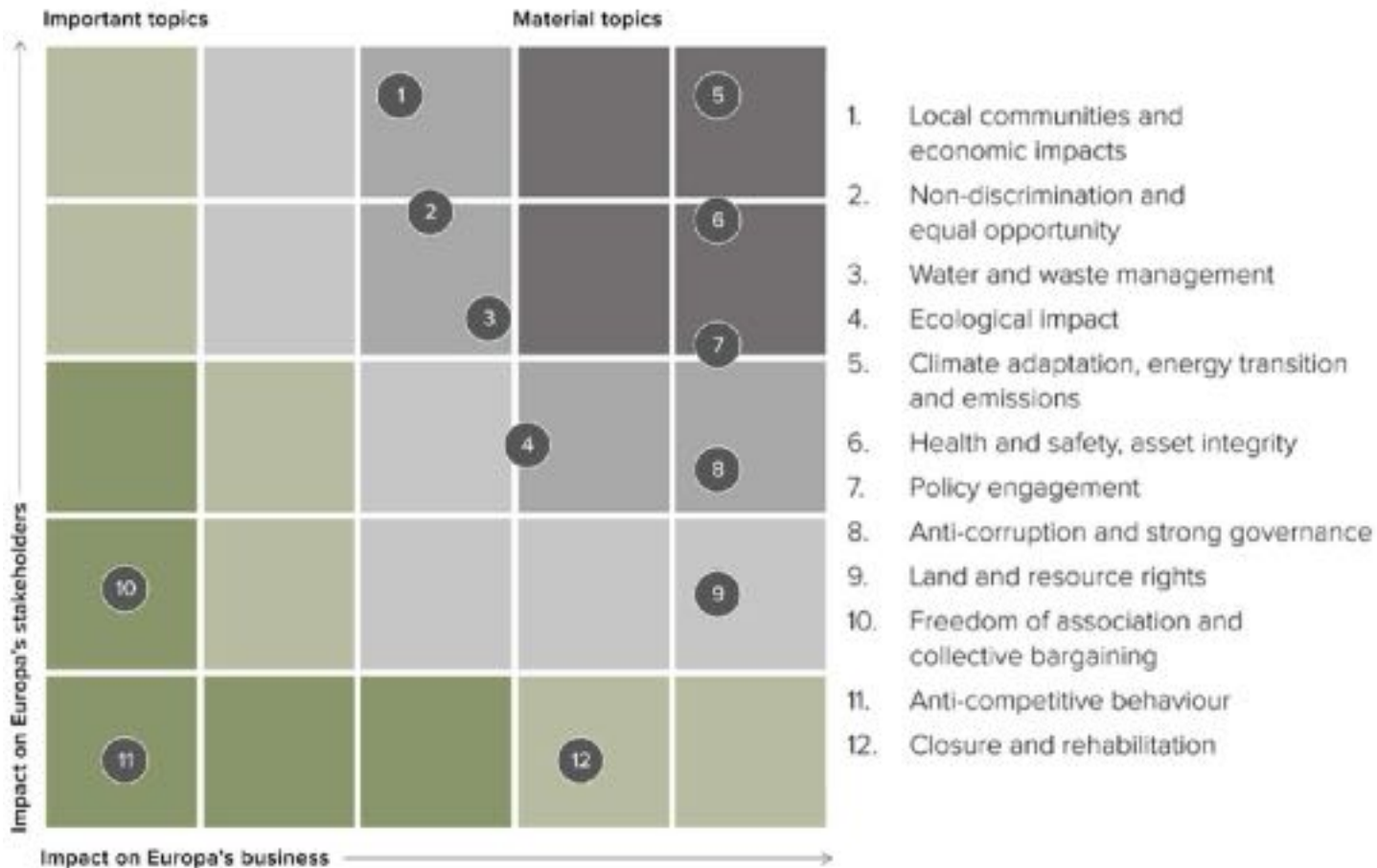
**True DEI** (Diversity, Equity, and Inclusion) is **associated with higher future financial performance**.

Diversity isn't just about **gender and ethnicity**, but also **age, sexual orientation, socioeconomic background, work and educational experience, cognitive style, and personality**.

# strip it back: materiality = focus = what to do



Materiality matrix



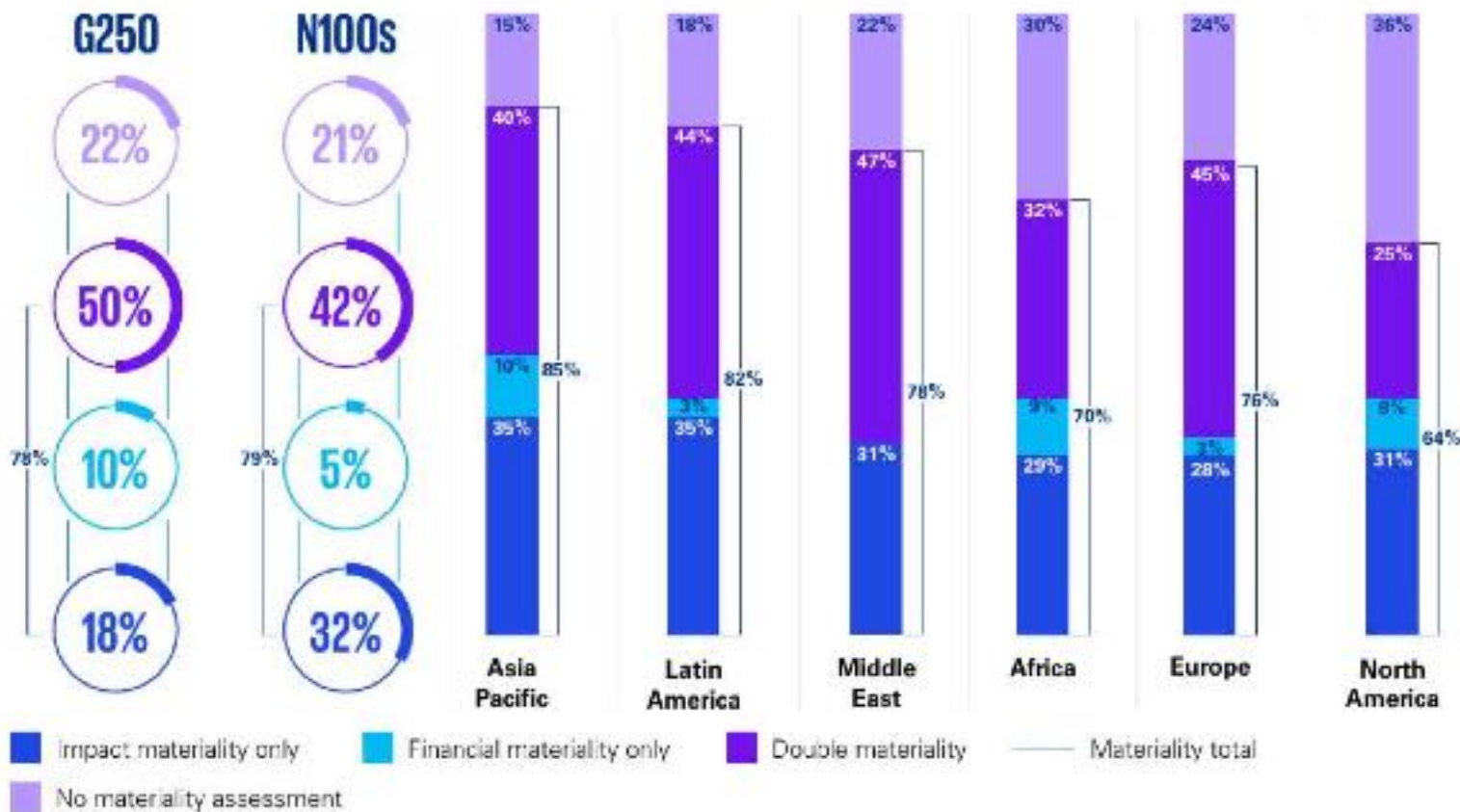
- ✓ Not CSRD-aligned — just **useful**
- ✓ What **matters most to your business and stakeholders**
- ✓ What's a real risk vs **what's just noise**
- ✓ Where to **invest time and budget**

**Do it once → Reuse**

# strip it back: materiality = focus = what to do



Companies undertaking materiality assessments in G250, N100s and by region



**Double materiality becoming increasingly used globally**

Base: 239 G250 companies and 4,581 N100 that report on sustainability and ESG matters

## Build an honest, defensible narrative



Increased scrutiny, regulation and potential for litigation means how you communicate information about projects is very important

Remember to be **SAVVY**

- **Specific** – what exactly are you promoting/claiming/reporting on?
- **Accurate** – are you giving a true and clear representation of this?
- **Verifiable** – Do you have the data or information to back up your claims?
- **Viable** - have you set practical, actionable strategies aligned with ESG goals?
- **Yourself** – Report what you are doing and the change you are making!

# Rule of 3



- 1. Do Now:** Legally required or business critical
- 2. Plan For:** Material risks / emerging expectations –  
future changes to your business / jurisdiction – stay  
ahead
- 3. Park It:** Low relevance / low stakeholder demand /  
low impact

regulations

emissions

materiality

noise

# Summary



- ESG isn't dead, but it can haunt your business
- You need to know what to report and when
- Don't oversell your achievements/goals – and then silently remove them from your website...
- Data is important – BUT know what you are collecting and why
- Emissions are vital but don't neglect other aspects of ESG!





**Thank you for your time!**

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